

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Refinements, and Establish Annual
Local and Flexible Procurement Obligations
for the 2016 and 2017 Compliance Years.

Rulemaking 14-10-010
(Filed October 16, 2014)

**REPLY COMMENTS OF CALPINE CORPORATION
ON THE PROPOSED DECISION**

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June 14, 2016

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**REPLY COMMENTS OF CALPINE CORPORATION
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Pursuant to Rule 14.3 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, Calpine Corporation (“Calpine”) submits the following reply comments to the opening comments on the Proposed Decision (“Proposed Decision”) on Track 1 Decision Adopting Local and Flexible Capacity Obligations for 2017, and Further Refining the Resource Adequacy (“RA”) Program. Specifically, Calpine replies to the opening comments filed by Pacific Gas and Electric Company (“PG&E”) and the California Large Energy Consumers Association (“CLECA”).

I. PG&E

Calpine supports PG&E’s recommendation that the Commission start refining Effective Load Carrying Capacity (“ELCC”) now to allow for sufficient time for ELCC values to be adopted for use in the 2018 Resource Adequacy (“RA”) compliance year.¹ As Calpine has previously highlighted, delays in the implementation of ELCC have had significant negative implications for California energy policy, have created an artificial oversupply of RA capacity, and jeopardize the economics of the generation resources that are actually required to maintain

¹ See Pacific Gas and Electric Company’s (U 39 E) Comments on the Proposed Decision (“PG&E Comments”), at 4-5.

reliability.² To mitigate the damage that further delay of ELCC implementation may have, the Commission should accept PG&E's recommendation and order Energy Division staff to diligently continue to refine ELCC starting now

Calpine also supports PG&E's recommendation that the Commission prioritize the incorporation of behind-the-meter distributed generation (i.e. rooftop solar) into the ELCC modeling.³ Including these resources in the modeling being conducted for ELCC should help improve the accuracy of ELCC values, which will increase the likelihood that ELCC values can be adopted for the 2108 RA compliance year.

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² See Comments of Calpine Corporation on the Proposed Decision, at 2.

³ See PG&E Comments, at 4; *see also* Comments of Calpine Corporation on the Revised Resource Adequacy Proposals, at 2-4 (exclusion of solar resources, including behind-the-meter solar, overstates the ELCC of solar resources).

II. CLECA

Calpine strongly disagrees with CLECA's argument that the ELCC methodology is not likely to be ready for use in 2018.⁴ The failure to develop ELCCs suitable for implementation stems from a slow stakeholder process as opposed to any inherent complexity within the methodology itself. The Commission must not only ensure that ELCC refinement begins immediately, but also attempt to avoid the types of delays that have occurred with ELCC development in the last few years, such as multiple months passing between the issuance of different ELCC estimates, successive versions failing to reflect stakeholder feedback, and failures to produce results based on stakeholder proposals.

Respectfully submitted,

/s/

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⁴ See Comments of the California Large Energy Consumers Association on Proposed Decision of ALJ Dudney, at 2.